

By PARMER

S.J.R. No. 55

A JOINT RESOLUTION

1 proposing a constitutional amendment providing for the issuance of  
2 general obligation bonds to finance certain local public  
3 facilities.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Article III of the Texas Constitution is amended  
6 by adding Section 49-i to read as follows:

7 Sec. 49-i. (a) The legislature by general law may provide  
8 for the issuance of up to \$400 million in general obligation bonds  
9 and the use of the bond proceeds for:

10 (1) making loans to local governments to finance the  
11 acquisition, construction, repair, renovation, and equipping of  
12 public facilities; and

13 (2) making grants to local governments for use in planning  
14 and design of projects under Subdivision (1) of this subsection.

15 (b) The legislature may require review and approval of the  
16 issuance of the bonds, of the use of the bond proceeds, or of rules  
17 adopted by an agency to govern use of the bond proceeds.  
18 Notwithstanding any other provision of this constitution, any  
19 entity created or directed to conduct this review and approval may  
20 include members, or appointees of members, of the executive,  
21 legislative, and judicial departments of state government.

22 (c) The legislature may provide for the investment of bond  
23 proceeds, and may establish and provide for the investment of an  
24 interest and sinking fund. Income from the investment shall be

1 used for the purposes prescribed by the legislature.

2 (d) While any of the bonds or interest on the bonds is  
3 outstanding and unpaid, there is appropriated out of the first  
4 money coming into the treasury in each fiscal year, not otherwise  
5 appropriated by this constitution, the amount sufficient to pay the  
6 principal of and interest on the bonds that mature or become due  
7 during the fiscal year, less any amount in any sinking fund at the  
8 end of the preceding fiscal year that is pledged to payment of the  
9 bonds or interest.

10 SECTION 2. This proposed amendment shall be submitted to the  
11 voters at an election to be held November 3, 1987. The ballot  
12 shall be printed to provide for voting for or against the  
13 proposition: "The constitutional amendment providing for the  
14 issuance of general obligation bonds to finance certain local  
15 public facilities."

By: Parmer

S.J.R. No. 55

(In the Senate - Filed April 8, 1987; April 8, 1987, read first time and referred to Committee on State Affairs; April 30, 1987, reported adversely, with favorable Committee Substitute by the following vote: Yeas 7, Nays 1; April 30, 1987, sent to printer.)

#### COMMITTEE VOTE

	Yea	Nay	PNV	Absent
Farabee				
Blake				x
Barrientos				x
Caperton	x			
Edwards	x			
Harris	x			
Henderson				x
Leedom		x		
Lyon	x			
McFarland	x			
Parmer	x			
Sarpalius	x			
Washington				x

COMMITTEE SUBSTITUTE FOR S.J.R. No. 55

By: Parmer

#### SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III of the Texas Constitution is amended by adding Section 49-i to read as follows:

Sec. 49-i. (a) The legislature by general law may provide for the issuance of up to \$400 million in general obligation bonds and the use of the bond proceeds for:

(1) making loans to local governments to finance the acquisition, construction, repair, renovation, and equipping of public facilities; and

(2) making grants to local governments for use in planning and design of projects under Subdivision (1) of this subsection.

(b) The legislature may require review and approval of the issuance of the bonds, of the use of the bond proceeds, or of rules adopted by an agency to govern use of the bond proceeds. Notwithstanding any other provision of this constitution, any entity created or directed to conduct this review and approval may include members or appointees of members of the executive, legislative, and judicial departments of state government.

(c) The legislature may provide for the investment of bond proceeds and may establish and provide for the investment of an interest and sinking fund. Income from the investment shall be used for the purposes prescribed by the legislature.

(d) Loans made under this section must be made in a manner that allows all debt service requirements arising under this section to be paid from money received from loan payments. No other money may be used to pay debt service requirements unless default on one or more loans under this section makes it impossible to make the payment from money received from loan payments.

(e) While any of the bonds or interest on the bonds is outstanding and unpaid, there is appropriated out of the first money coming into the treasury in each fiscal year, not otherwise appropriated by this constitution, the amount sufficient to pay the principal of and interest on the bonds that mature or become due during the fiscal year, less any amount in any sinking fund at the end of the preceding fiscal year that is pledged to payment of the bonds or interest.

SECTION 2. This proposed amendment shall be submitted to the voters at an election to be held November 3, 1987. The ballot shall be printed to provide for voting for or against the

1 proposition: "The constitutional amendment providing for the  
2 issuance of general obligation bonds to finance certain local  
3 public facilities."

4 \* \* \* \* \*

5 Austin, Texas  
6 April 30, 1987

7 Hon. William P. Hobby  
8 President of the Senate

9 Sir:

10 We, your Committee on State Affairs to which was referred S.J.R.  
11 No. 55, have had the same under consideration, and I am instructed  
12 to report it back to the Senate with the recommendation that it do  
13 not pass, but that the Committee Substitute adopted in lieu thereof  
14 do pass and be printed.

15 Farabee, Chairman

# SENATE FAVORABLY AS SUBSTITUTED COMMITTEE REPORT

Lt. Governor William P. Hobby  
President of the Senate

4/30/87  
(date)/(time)

Sir:

We, your Committee on STATE AFFAIRS to which was referred  
SR 55 by Parmer have on 4/29, 1987, had the same  
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

- ☒ do pass as substituted, and be printed  
☒ The caption remained the same as original measure  
☐ the caption changed with adoption of the substitute

☐ do pass as substituted, and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☒ yes ☐ no

Senate Sponsor of House Measure \_\_\_\_\_

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Farabee, Chairman				
Blake, Vice Chairman				<input checked="" type="checkbox"/>
Barrientos				<input checked="" type="checkbox"/>
Caperton	<input checked="" type="checkbox"/>			
Edwards	<input checked="" type="checkbox"/>			
Harris	<input checked="" type="checkbox"/>			
Henderson				<input checked="" type="checkbox"/>
Leedom	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Lyon	<input checked="" type="checkbox"/>			
McFarland	<input checked="" type="checkbox"/>			
Parmer	<input checked="" type="checkbox"/>			
Sarpalius	<input checked="" type="checkbox"/>			
Washington				<input checked="" type="checkbox"/>
TOTAL VOTES	7			4

[Signature]  
COMMITTEE CLERK

[Signature]  
CHAIRMAN

Paper clip the original and one copy of this form along with TWO copies of the Committee Substitute to the original bill and retain one copy for Reporting Committee file.

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman  
Committee on State Affairs  
Senate Chamber  
Austin, Texas

In Re: Senate Joint Resolution No. 55  
By: Parmer

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 55 (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments. The proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year.

Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>
1988	\$37,214,400
1989	37,214,400
1990	37,214,400
1991	37,214,400
1992	37,214,400

Similar annual costs would continue to fiscal year 2008.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

By Parmer

S.J.R. No. 55

Substitute the following for S.J.R. No. 55:

By Parmer

C.S.S.J.R. No. 55

SENATE

A JOINT RESOLUTION

1 proposing a constitutional amendment providing for the issuance of  
2 general obligation bonds to finance certain local public  
3 facilities.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 *Insert Floor Am. #1*  
6 SECTION 1. ~~Article III of the Texas Constitution is amended~~  
by adding Section 49-i to read as follows:

7 Sec. 49-i. (a) The legislature by general law may provide  
8 for the issuance of up to \$400 million in general obligation bonds  
9 and the use of the bond proceeds for:

10 (1) making loans to local governments to finance the  
11 acquisition, construction, repair, renovation, and equipping of  
12 public facilities; and

13 (2) making grants to local governments for use in planning  
14 and design of projects under Subdivision (1) of this subsection.

15 (b) The legislature may require review and approval of the  
16 issuance of the bonds, of the use of the bond proceeds, or of rules  
17 adopted by an agency to govern use of the bond proceeds.  
18 Notwithstanding any other provision of this constitution, any  
19 entity created or directed to conduct this review and approval may  
20 include members, or appointees of members, of the executive,  
21 legislative, and judicial departments of state government.

22 (c) The legislature may provide for the investment of bond  
23 proceeds, and may establish and provide for the investment of an  
24 interest and sinking fund. Income from the investment shall be

6/1/87 4/30/87 5/7/87

1 used for the purposes prescribed by the legislature.

2 (d) Loans made under this section must be made in a manner  
 3 that allows all debt service requirements arising under this  
 4 section to be paid from money received from loan payments. No  
 5 other money may be used to pay debt service requirements unless  
 6 default on one or more loans under this section makes it impossible  
 7 to make the payment from money received from loan payments.

8 (e) While any of the bonds or interest on the bonds is  
 9 outstanding and unpaid, there is appropriated out of the first  
 10 money coming into the treasury in each fiscal year, not otherwise  
 11 appropriated by this constitution, the amount sufficient to pay the  
 12 principal of and interest on the bonds that mature or become due  
 13 during the fiscal year, less any amount in any sinking fund at the  
 14 end of the preceding fiscal year that is pledged to payment of the  
 15 bonds or interest.

16 SECTION 2. This proposed amendment shall be submitted to the  
 17 voters at an election to be held November 3, 1987. The ballot  
 18 shall be printed to provide for voting for or against the <sup>1/2</sup>  
 19 proposition: "The constitutional amendment providing for the  
 20 issuance of general obligation bonds to finance certain local  
 21 public facilities."



---

AMEND THE CAPTION TO CONFORM  
TO THE BODY OF THE BILL

ADOPTED

MAY 7 1987

  
Robert King  
Secretary of the Senate

ADOPTED

MAY 7 1987

*State of Texas*  
Secretary of the Senate

*How*  
AMENDMENT NO. 1

BY *Parma*

1 Amend C.S.S.J.R. 55 by striking all below the resolving  
2 clause and substituting the following:

3 SECTION 1. Article III of the Texas Constitution is amended  
4 by adding Section 49-i to read as follows:

5 Sec. 49-i. (a) The legislature by general law may provide  
6 for the issuance of up to \$400 million in general obligation bonds  
7 and the use of the bond proceeds to establish a local project fund  
8 in the state treasury to be used without further appropriation for:

9 (1) making loans to local governments to finance the cost of  
10 acquisition, construction, repair, renovation, and equipping of  
11 public facilities; and

12 (2) making grants to local governments for use in planning  
13 and design of public facilities under Subdivision (1) of this  
14 subsection.

15 (b) Proceeds of the bonds may also be used to pay the  
16 expenses of issuance of the bonds and, together with any other  
17 available money in the local project fund, to pay the principal of  
18 and interest on or to discharge or redeem in whole or part any  
19 outstanding general obligation bonds issued under this section.

20 The local project fund is composed of proceeds of the bonds  
21 authorized by this section, income from investment of money in the  
22 fund, amounts received as repayments of financial assistance  
23 provided from money in the fund, and other money authorized by the  
24 legislature to be deposited in the fund.

*How Am. #1*  
*6/1/87 5/2/87*

1        (c) The local project fund must contain program accounts, an  
2 interest and sinking account, a reserve account, and other accounts  
3 authorized by the legislature. The principal of and interest on  
4 the bonds shall be paid out of the money in the interest and  
5 sinking account. The money in the fund that is not immediately  
6 committed to the payment of the principal of and interest on bonds,  
7 the provision of financial assistance, or the payment of expenses  
8 as provided by this section may be invested and reinvested as  
9 provided by law until the money is needed for those purposes.

10       (d) The legislature may require review and approval of the  
11 issuance of the bonds, of the use of the bond proceeds, or of rules  
12 adopted by an agency to govern use of the bond proceeds.  
13 Notwithstanding any other provision of this constitution, any  
14 entity created or directed to conduct this review and approval may  
15 include members<sup>f</sup> or appointees of members<sup>N</sup> of the executive,  
16 legislative, and judicial departments of state government.

17       (e) Money deposited in the local project fund from  
18 repayments of financial assistance, determined as provided by law  
19 not to be required for the payment of the principal of and interest  
20 on the bonds under this section, may be used, to the extent not  
21 inconsistent with the proceedings authorizing the bonds, to pay the  
22 principal of and interest on revenue bonds issued for the purposes  
23 of providing money for financial assistance in accordance with the  
24 public purposes stated by this section. The revenue bonds are<sup>2/3</sup>  
25 special obligations payable only from those fund receipts and other  
26 revenues pledged to the retirement of the revenue bonds and do not  
27 constitute indebtedness of the state. The amount of revenue bonds

1 issued may not exceed an aggregate principal amount that can be  
2 fully retired from those fund receipts and other pledged revenues.  
3 The revenue bonds shall be issued in the form and denominations, on  
4 the terms, at the times and places, and in installments as provided  
5 by law.

6 (f) While any of the bonds or interest on the general  
7 obligation bonds is outstanding and unpaid, there is appropriated  
8 out of the first money coming into the treasury in each fiscal  
9 year, not otherwise appropriated by this constitution, the amount  
10 sufficient to pay the principal of and interest on the bonds that  
11 mature or become due during the fiscal year, less any amount in the  
12 interest and sinking account at the end of the preceding fiscal  
13 year that is pledged to payment of the bonds or interest.

14 SECTION 2. This proposed amendment shall be submitted to the  
15 voters at an election to be held November 3, 1987. The ballot  
16 shall be printed to provide for voting for or against the  
17 proposition: "The constitutional amendment providing for the  
18 issuance of general obligation bonds to finance certain local  
19 public facilities."

May 7 1987 Engrossed  
Fatsy Spaw  
Engrossing Clerk

1987 MAY 11 PM 4:12

HOUSE OF REPRESENTATIVES  
I certify that the attached is a true and correct

copy of SR 55 which was

received from the Senate on MAY 8 1987 and

returned to the Committee on State Affairs

Dorothy M. Murray  
Chief Clerk of the House

By: Farmer

S.J.R. No. 55

(Stiles)

SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III of the Texas Constitution is amended by adding Section 49-i to read as follows:

Sec. 49-i. (a) The legislature by general law may provide for the issuance of up to \$400 million in general obligation bonds and the use of the bond proceeds to establish a local project fund in the State Treasury to be used without further appropriation for:

(1) making loans to local governments to finance the cost of acquisition, construction, repair, renovation, and equipping of public facilities; and

(2) making grants to local governments for use in planning and design of public facilities under Subdivision (1) of this subsection.

(b) Proceeds of the bonds may also be used to pay the expenses of issuance of the bonds and, together with any other available money in the local project fund, to pay the principal of and interest on or to discharge or redeem in whole or part any outstanding general obligation bonds issued under this section.

The local project fund is composed of proceeds of the bonds authorized by this section, income from investment of money in the fund, amounts received as repayments of financial assistance

1 provided from money in the fund, and other money authorized by the  
2 legislature to be deposited in the fund.

3 (c) The local project fund must contain program accounts, an  
4 interest and sinking account, a reserve account, and other accounts  
5 authorized by the legislature. The principal of and interest on  
6 the bonds shall be paid out of the money in the interest and  
7 sinking account. The money in the fund that is not immediately  
8 committed to the payment of the principal of and interest on bonds,  
9 the provision of financial assistance, or the payment of expenses  
10 as provided by this section may be invested and reinvested as  
11 provided by law until the money is needed for those purposes.

12 (d) The legislature may require review and approval of the  
13 issuance of the bonds, of the use of the bond proceeds, or of rules  
14 adopted by an agency to govern use of the bond proceeds.  
15 Notwithstanding any other provision of this constitution, any  
16 entity created or directed to conduct this review and approval may  
17 include members or appointees of members of the executive,  
18 legislative, and judicial departments of state government.

19 (e) Money deposited in the local project fund from  
20 repayments of financial assistance, determined as provided by law  
21 not to be required for the payment of the principal of and interest  
22 on the bonds under this section, may be used, to the extent not  
23 inconsistent with the proceedings authorizing the bonds, to pay the  
24 principal of and interest on revenue bonds issued for the purposes  
25 of providing money for financial assistance in accordance with the  
26 public purposes stated by this section. The revenue bonds are

1 special obligations payable only from those fund receipts and other  
 2 revenues pledged to the retirement of the revenue bonds and do not  
 3 constitute indebtedness of the state. The amount of revenue bonds  
 4 issued may not exceed an aggregate principal amount that can be  
 5 fully retired from those fund receipts and other pledged revenues.  
 6 The revenue bonds shall be issued in the form and denominations, on  
 7 the terms, at the times and places, and in installments as provided  
 8 by law.

9 (f) While any of the bonds or interest on the general  
 10 obligation bonds is outstanding and unpaid, there is appropriated  
 11 out of the first money coming into the treasury in each fiscal  
 12 year, not otherwise appropriated by this constitution, the amount  
 13 sufficient to pay the principal of and interest on the bonds that  
 14 mature or become due during the fiscal year, less any amount in the  
 15 interest and sinking account at the end of the preceding fiscal  
 16 year that is pledged to payment of the bonds or interest.

17 SECTION 2. This proposed amendment shall be submitted to the  
 18 voters at an election to be held November 3, 1987. The ballot  
 19 shall be printed to provide for voting for or against the  
 20 proposition: "The constitutional amendment providing for the  
 21 issuance of general obligation bonds to finance certain local  
 22 public facilities."

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

May 4, 1987

TO: Honorable Ray Farabee, Chairman      In Re: Committee Substitute for  
Committee on State Affairs              Senate Joint Resolution No. 55  
Senate Chamber  
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for Senate Joint Resolution No. 55 (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments.

Loans are to be made in a manner that would allow all debt service requirements on the bonds to be paid from money received from loan payments. If debt service requirements cannot be met, the proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year. Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill would be \$37,214,400 out of the General Revenue Fund each fiscal year until such time as loan repayment would pay for debt service.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, BL



# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman      In Re: Senate Joint Resolution No. 55  
Committee on State Affairs                      By: Parmer  
Senate Chamber  
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 55 (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments. The proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year.

Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>
1988	\$37,214,400
1989	37,214,400
1990	37,214,400
1991	37,214,400
1992	37,214,400

Similar annual costs would continue to fiscal year 2008.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

# HOUSE COMMITTEE REPORT

1st Printing

By: Parmer

S.J.R. No. 55

(Stiles)

## SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III of the Texas Constitution is amended by adding Section 49-i to read as follows:

Sec. 49-i. (a) The legislature by general law may provide for the issuance of up to \$400 million in general obligation bonds and the use of the bond proceeds to establish a local project fund in the State Treasury to be used without further appropriation for:

(1) making loans to local governments to finance the cost of acquisition, construction, repair, renovation, and equipping of public facilities; and

(2) making grants to local governments for use in planning and design of public facilities under Subdivision (1) of this subsection.

(b) Proceeds of the bonds may also be used to pay the expenses of issuance of the bonds and, together with any other available money in the local project fund, to pay the principal of and interest on or to discharge or redeem in whole or part any outstanding general obligation bonds issued under this section. The local project fund is composed of proceeds of the bonds authorized by this section, income from investment of money in the fund, amounts received as repayments of financial assistance

1 provided from money in the fund, and other money authorized by the  
2 legislature to be deposited in the fund.

3 (c) The local project fund must contain program accounts, an  
4 interest and sinking account, a reserve account, and other accounts  
5 authorized by the legislature. The principal of and interest on  
6 the bonds shall be paid out of the money in the interest and  
7 sinking account. The money in the fund that is not immediately  
8 committed to the payment of the principal of and interest on bonds,  
9 the provision of financial assistance, or the payment of expenses  
10 as provided by this section may be invested and reinvested as  
11 provided by law until the money is needed for those purposes.

12 (d) The legislature may require review and approval of the  
13 issuance of the bonds, of the use of the bond proceeds, or of rules  
14 adopted by an agency to govern use of the bond proceeds.  
15 Notwithstanding any other provision of this constitution, any  
16 entity created or directed to conduct this review and approval may  
17 include members or appointees of members of the executive,  
18 legislative, and judicial departments of state government.

19 (e) Money deposited in the local project fund from  
20 repayments of financial assistance, determined as provided by law  
21 not to be required for the payment of the principal of and interest  
22 on the bonds under this section, may be used, to the extent not  
23 inconsistent with the proceedings authorizing the bonds, to pay the  
24 principal of and interest on revenue bonds issued for the purposes  
25 of providing money for financial assistance in accordance with the  
26 public purposes stated by this section. The revenue bonds are

1 special obligations payable only from those fund receipts and other  
2 revenues pledged to the retirement of the revenue bonds and do not  
3 constitute indebtedness of the state. The amount of revenue bonds  
4 issued may not exceed an aggregate principal amount that can be  
5 fully retired from those fund receipts and other pledged revenues.  
6 The revenue bonds shall be issued in the form and denominations, on  
7 the terms, at the times and places, and in installments as provided  
8 by law.

9 (f) While any of the bonds or interest on the general  
10 obligation bonds is outstanding and unpaid, there is appropriated  
11 out of the first money coming into the treasury in each fiscal  
12 year, not otherwise appropriated by this constitution, the amount  
13 sufficient to pay the principal of and interest on the bonds that  
14 mature or become due during the fiscal year, less any amount in the  
15 interest and sinking account at the end of the preceding fiscal  
16 year that is pledged to payment of the bonds or interest.

17 SECTION 2. This proposed amendment shall be submitted to the  
18 voters at an election to be held November 3, 1987. The ballot  
19 shall be printed to provide for voting for or against the  
20 proposition: "The constitutional amendment providing for the  
21 issuance of general obligation bonds to finance certain local  
22 public facilities."

COMMITTEE REPORT

The Honorable Gib Lewis  
Speaker of the House of Representatives

5/21/87  
(date)

Sir:

We, your COMMITTEE ON STATE AFFAIRS,

to whom was referred SJR 55 have had the same under consideration and beg to report  
(measure)  
back with the recommendation that it

- ☒ do pass, without amendment.
- ☐ do pass, with amendment(s).
- ☐ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ☒ yes ☐ no      An actuarial analysis was requested. ☐ yes ☒ no  
An author's fiscal statement was requested. ☐ yes ☒ no

~~The Committee recommends that this measure be placed on the (Local) or (Consent) Calendar.~~

This measure ☐ proposes new law. ☒ amends existing law.

House Sponsor of Senate Measure STILES

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Laney, Ch.	<input checked="" type="checkbox"/>			
Hill, P., V.C.				<input checked="" type="checkbox"/>
Tallas, C.B.O.	<input checked="" type="checkbox"/>			
Cain	<input checked="" type="checkbox"/>			
Danburg	<input checked="" type="checkbox"/>			
Gavin	<input checked="" type="checkbox"/>			
Gibson	<input checked="" type="checkbox"/>			
Guerrero				<input checked="" type="checkbox"/>
Haley	<input checked="" type="checkbox"/>			
Leonard				<input checked="" type="checkbox"/>
Perez				<input checked="" type="checkbox"/>
Riley	<input checked="" type="checkbox"/>			
Saunders	<input checked="" type="checkbox"/>			

Total  
9 aye  
0 nay  
0 present, not voting  
4 absent

Lane D. Laney  
CHAIRMAN  
Laura Colfer  
COMMITTEE COORDINATOR

By: Parmer

## BILL ANALYSIS

Background

There is a current need for the expansion and renovation of local public facilities. For example, there is a growing need for jail construction with 78 county jails now out of compliance with state standards, mostly due to overcrowding. Also, according to the Texas Library Association, over 88 percent of the state's population does not have access to adequate library facilities. A total of 3.6 million square feet of new library space is needed to meet the Texas Library Association's standards. Additionally, over 15 percent of Texas public library facilities, totaling 1.5 million square feet, were constructed over 50 years ago and are in need of replacement.

Needs of commercial aviation are estimated at \$501,273,960. The current needs for general aviation service, are estimated at \$186,404,760. Federal funds for general aviation airports average \$16 million per year.

Currently, Texas ranks 46th in the nation with \$317.20 per capita of state bonded indebtedness and 23rd in the nation with \$2,552.46 per capita of state and local bonded indebtedness.

Purposes

This bill proposes a constitutional amendment authorizing the issuance of up to \$400 million in general obligation bonds for use by local governments for public facilities projects.

Section By Section Analysis

SECTION 1 Adds Section 49i to Article III, Texas Constitution.

(a) Authorizes the legislature to provide for the issuance of up to \$400 million in general obligation bonds for the financing of local public facilities projects authorized by this Act.

(b) Provides that proceeds of bonds may be used to pay issuance expenses and to pay principal of and interest on outstanding general obligation bonds.

(c) Requires local project fund to contain program accounts, an interest and sinking account, a reserve account, and others legislatively authorized.

(d) Authorizes the legislature to require approval by an entity that may be composed of members, or appointees of members, of any of the three branches of government.

(e) Allows money deposited in local project fund that is not required for payment toward bonds to be used toward revenue bonds issued for the purpose of financial assistance.

(f) Requires an appropriation out of the first unappropriated money in the treasury each fiscal year to pay matured bonds or bonds due during the fiscal year, less amounts in sinking fund at the end of the preceding

(f) fiscal year pledged to the payment of the bonds or interest.

SECTION 2 Requires the proposed constitutional amendment be submitted to the voters on November 3, 1987, and prescribes the form of the proposition.

#### Rulemaking Authority

It is the opinion of the committee that this bill delegates no rulemaking authority to any state officer, agency, institution, or department.

#### Summary of Committee Action

Pursuant to a suspension of the 5-day posting rule on May 15, 1987, the committee took up S.J.R. 55 in a public hearing on May, 18, 1987. At that time the followign persons testified in favor of the bill: Danny Burger, representing the Municipal Advisory Council of Texas; and Rebecca Bronson, representing herself and Vinson & Elkins Law Firm. The bill was then left pending in committee.

On May 21, 1987, the committee voted to report S.J.R. 55 to the full House, without amendment and with the recommendation it do pass by a record vote of 9 ayes, no nays and 4 members absent.

Enrolled June 1, 1987  
Kathy Saw  
Enrolling Clerk

S.J.R. No. 55

SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Article III of the Texas Constitution is amended by adding Section 49-i to read as follows:

Sec. 49-i. (a) The legislature by general law may provide for the issuance of up to \$400 million in general obligation bonds and the use of the bond proceeds to establish a local project fund in the State Treasury to be used without further appropriation for:

(1) making loans to local governments to finance the cost of acquisition, construction, repair, renovation, and equipping of public facilities; and

(2) making grants to local governments for use in planning and design of public facilities under Subdivision (1) of this subsection.

(b) Proceeds of the bonds may also be used to pay the expenses of issuance of the bonds and, together with any other available money in the local project fund, to pay the principal of and interest on or to discharge or redeem in whole or part any outstanding general obligation bonds issued under this section. The local project fund is composed of proceeds of the bonds authorized by this section, income from investment of money in the fund, amounts received as repayments of financial assistance



S.J.R. No. 55

1 provided from money in the fund, and other money authorized by the  
2 legislature to be deposited in the fund.

3 (c) The local project fund must contain program accounts, an  
4 interest and sinking account, a reserve account, and other accounts  
5 authorized by the legislature. The principal of and interest on  
6 the bonds shall be paid out of the money in the interest and  
7 sinking account. The money in the fund that is not immediately  
8 committed to the payment of the principal of and interest on bonds,  
9 the provision of financial assistance, or the payment of expenses  
10 as provided by this section may be invested and reinvested as  
11 provided by law until the money is needed for those purposes.

12 (d) The legislature may require review and approval of the  
13 issuance of the bonds, of the use of the bond proceeds, or of rules  
14 adopted by an agency to govern use of the bond proceeds.  
15 Notwithstanding any other provision of this constitution, any  
16 entity created or directed to conduct this review and approval may  
17 include members or appointees of members of the executive,  
18 legislative, and judicial departments of state government.

19 (e) Money deposited in the local project fund from  
20 repayments of financial assistance, determined as provided by law  
21 not to be required for the payment of the principal of and interest  
22 on the bonds under this section, may be used, to the extent not  
23 inconsistent with the proceedings authorizing the bonds, to pay the  
24 principal of and interest on revenue bonds issued for the purposes  
25 of providing money for financial assistance in accordance with the  
26 public purposes stated by this section. The revenue bonds are

1 special obligations payable only from those fund receipts and other  
 2 revenues pledged to the retirement of the revenue bonds and do not  
 3 constitute indebtedness of the state. The amount of revenue bonds  
 4 issued may not exceed an aggregate principal amount that can be  
 5 fully retired from those fund receipts and other pledged revenues.  
 6 The revenue bonds shall be issued in the form and denominations, on  
 7 the terms, at the times and places, and in installments as provided  
 8 by law.

9 (f) While any of the bonds or interest on the general  
 10 obligation bonds is outstanding and unpaid, there is appropriated  
 11 out of the first money coming into the treasury in each fiscal  
 12 year, not otherwise appropriated by this constitution, the amount  
 13 sufficient to pay the principal of and interest on the bonds that  
 14 mature or become due during the fiscal year, less any amount in the  
 15 interest and sinking account at the end of the preceding fiscal  
 16 year that is pledged to payment of the bonds or interest.

17 SECTION 2. This proposed amendment shall be submitted to the  
 18 voters at an election to be held November 3, 1987. The ballot  
 19 shall be printed to provide for voting for or against the  
 20 proposition: "The constitutional amendment providing for the  
 21 issuance of general obligation bonds to finance certain local  
 22 public facilities."

2152

S.J.R. No. 55

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.J.R. No. 55 was adopted by the Senate on May 7, 1987, by the following vote: Yeas 25, Nays 5.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.J.R. No. 55 was adopted by the House on June 1, 1987, by the following vote: Yeas 123, Nays 22, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

May 15, 1987

TO: Honorable Pete Laney, Chair  
Committee on State Affairs  
House of Representatives  
Austin, Texas

In Re: Senate Joint Resolution No. 55,  
as engrossed  
By: Parmer

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 55, as engrossed (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments.

Loans are to be made in a manner that would allow all debt service requirements on the bonds to be paid from money received from loan payments. If debt service requirements cannot be met, the proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year. Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill would be \$37,214,400 out of the General Revenue Fund each fiscal year until such time as loan repayment would pay for debt service.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

May 4, 1987

TO: Honorable Ray Farabee, Chairman      In Re: Committee Substitute for  
Committee on State Affairs      Senate Joint Resolution No. 55  
Senate Chamber  
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for Senate Joint Resolution No. 55 (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments.

Loans are to be made in a manner that would allow all debt service requirements on the bonds to be paid from money received from loan payments. If debt service requirements cannot be met, the proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year. Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill would be \$37,214,400 out of the General Revenue Fund each fiscal year until such time as loan repayment would pay for debt service.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, BL

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman  
Committee on State Affairs  
Senate Chamber  
Austin, Texas

In Re: Senate Joint Resolution No. 55  
By: Parmer

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Joint Resolution No. 55 (proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities) this office has determined the following:

The resolution would authorize the legislature to provide for the issuance of up to \$400 million in general obligation bonds of the State, the proceeds of which would be used to make loans and grants to local governments. The proposed amendment would appropriate out of the first money coming into the State Treasury each year an amount sufficient to pay the debt service that becomes due during the year.

Assuming a 20-year payout at a seven percent interest rate, the probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>
1988	\$37,214,400
1989	37,214,400
1990	37,214,400
1991	37,214,400
1992	37,214,400

Similar annual costs would continue to fiscal year 2008.

The cost of publication of the resolution to the State is estimated to be \$45,000.

The savings to units of local government would vary with the extent of participation in the program and cannot be determined with accuracy for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

*rhew Bee*

S.J.R. No. 55

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.J.R. No. 55 (1) was adopted by the  
Senate on May 7 (2), 1987, by the following vote:  
Yeas 25 (3), Nays 5 (4).

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.J.R. No. 55 (1) was adopted by the  
House on June 1 (5), 1987, by the following vote:  
Yeas 123 (6), Nays 22 (7).

*one present not voting*

\_\_\_\_\_  
Chief Clerk of the House

S. J. R. No. 55

By Farmer

# SENATE JOINT RESOLUTION

proposing a constitutional amendment providing for the issuance of general obligation bonds to finance certain local public facilities.

**Filed with the Secretary of the Senate**

APR 8 1987 Read and referred to Committee on **STATE AFFAIRS**

**Reported favorably** \_\_\_\_\_

**APR 30 1987** Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

**Ordered not printed**

**Laid before the Senate**

MAY 7 1987 Senate and Constitutional Rules to permit consideration suspended by: unanimous consent  
25 years, 4 days

MAY 7 1987 Read second time, amended, and ordered engrossed by: } unanimous consent  
a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

**MAY 7 1987**

**Caption ordered amended to conform to the body of the bill.**

MAY 7 1987  
 Senate and Constitutional 3 Day Rule suspended by a vote of 25 yeas, 5 nays.

**MAY 7 1987** Senate and Constitutional 3 Day Rule suspended by a vote of 25 yeas, \_\_\_\_\_ nays.  
Read third time, \_\_\_\_\_, and passed by 25 yeas, 5 nays.

*Betty King*  
SECRETARY OF THE SENATE

**SECRETARY OF THE SENATE**

**OTHER ACTION:**

May 7, 1987 Engrossed

**"MAY 3 1987" Sent to House**

Satsy Spaw  
Engrossing Clerk

**Engrossing Clerk**

Motion to postpone further consideration  
of SR No. 65 until Friday  
May 29 at 9 AM  
prevailed by a non-record vote.

MAY 8 1987 Received from the Senate

**MAY 11 1987** Read first time and referred to Committee on State & Pensions

5-21-87 Reported favorably amended, sent to Printer 12:30pm MAY 22 1987

MAY 22 1987 Printed and Distributed 5:30 pm

MAY 23 1987 Sent to Committee on Calendars 2:21 pm

MAY 29 1987 Read second time ~~amended~~ and finally adopted  
failed adoption by Record Vote of 92 yeas, 53 nays, 1 present not voting.

**MAY 30 1987**  
Read third time (~~amended~~) and finally adopted  
~~failed adoption by a~~ Record Vote of 114 yeas, 27 nays, 0 present not voting.

**MAY 30 1987** ~~Amended caption~~ by a Record Vote of 119 yeas, 21 nays.  
Caption ordered amended to conform to body of resolution

**MAY 30 1987** Returned to Senate.

*Betty Murray*  
CHIEF CLERK OF THE HOUSE

**CHIEF CLERK OF THE HOUSE**

**Returned from House without amendment.**

MAY 30 1987 Returned from House with 1 amendments.

Concurred in House amendments by a viva voce vote \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

See other side



\_\_\_\_\_ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

\_\_\_\_\_ Senate conferees instructed.

\_\_\_\_\_ Senate conferees appointed: \_\_\_\_\_, Chairman; \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

\_\_\_\_\_ House granted Senate request. House conferees appointed: \_\_\_\_\_, Chairman; \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_ Conference Committee Report read and filed with the Secretary of the Senate.

\_\_\_\_\_ Conference Committee Report adopted on the part of the House by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

\_\_\_\_\_ Conference Committee Report adopted on the part of the Senate by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

OTHER ACTION:

\_\_\_\_\_ Recommitted to Conference Committee

\_\_\_\_\_ Conferees discharged.

\_\_\_\_\_ Conference Committee Report failed of adoption by: \_\_\_\_\_

{ a viva voce vote  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays

JUN 1 1987 Returned To House for further consideration. Point of Order sustained that the House amendment violates Senate Rule 72 (b).

JUN 1 1987 Reconsidered vote by which SJR 55 was adopted. Amendment removed and SJR 55 finally adopted by second vote of 123 yeas 22 nays 1 PNV.

JUN 1 1987 Returned to Senate